

## **Supply Chain Management Organisation: Role in Minimizing Risk in Supply**

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### **Abstract**

Supply chain management is responsible to deliver product or service to customer and play key role to gain future business by satisfying existing customer. Supply chain department has different names in industry as Production resource control, Procurement, Production control and logistics, Production Planning and control. Material as raw material or child parts which is made available and controlled by supply chain, when disrupted lead to stoppage of machine or whole plant. This paper focus on role of organization structure in minimizing risk of non-availability of material. Six automotive manufacturing industries taken as case study, their organization structure and MIS report studied in detail. Result of study is that company having organization structure (as combination of store, production planning, scheduling and dispatch) reported productivity loss due to material shortage less than one percentage where as companies having organization structure (as separate department of store, production planning, material scheduling and dispatch) reported productivity loss more than seven percentage. conclusion is that integration of supply chain as one department lead to better coordination, actual feel of end customer requirement and by proactively anticipating material shortage production process can be slow down or can change to other model. This study helps to avoid wastage of resources (as nation natural resources energy, raw material and man power) and reduce manufacturing cost, so that product is available at affordable cost.

**Keywords:** SCM-supply chain management, MIS-management information system; BOP-Brought out part.

## 1. Introduction

Supply chain means flow of material from raw material to end customer passes through value addition process. Risk in supply chain means failure to deliver material to customer. This failure lead to unhappiness in customer or co. may loss customer for whole time. Now a days customer has very dynamic taste and choices in form of other. competitor. In other words Supply chain involve risk of losing a customer. This research focus on to minimize this risk without any investment just by doing change in organization structure.

## 2. Research Methodology

Research methodology adopted is critical analysis of MIS report of last two year and a correlation established between down time due to shortage of material with respect to their organization structure Sample chosen is randomly and supplying to automobile car manufactures. Location of sample is in and around Gurgaon Since Production department is responsible for machine efficiency, therefore they noted down machine output every hour If machine stopped for any reason It is production loss and counted as down time,.Factors taken under down time are no material , no tooling, machine break down, setting time, quality approval, bins shortages, no plan etc. Out of this factors no material , no tooling, bin shortages and no plan comes under supply chain Below is study of MIS report of six company in tabulated form with respect to their organization structure .

Sr. No.	Company Name	Type of Organisation Structure	Down Time	
			2012	2013
1	SKSSL	Fig. (2)	1.30%	0.90%
2	BWI	Fig. (2)	0.90%	0.04%
3	Automax	Fig. (1)	8.20%	9.51%
4	K Udyog	Fig. (1)	11.30%	12.10%
5	Hi tech Gear	Fig. (1)	7.54%	7.51%
6	STL	Fig. (1)	12.40%	11.45%

### Organisation Structure type 1

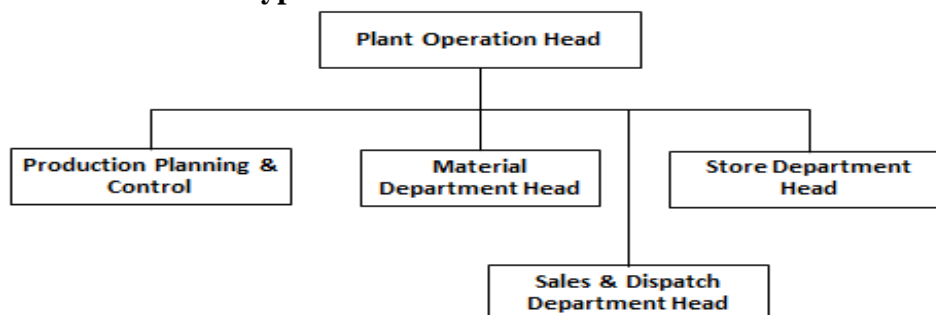


Fig. 1

Result in analysis of MIS clearly shows that co. having organization structure as shown in fig(2), type 2 having loss in production approximately one percent of total available time where as companies having organization structure as shown in fig(1) type 1 having loss from 7 percent to 12.4 percent. Companies having type 2 organisation structure also shows continual improvement means conflict interest with in types 2 can be addressed properly where as in type 1 conflict interest lead to management losses.

### Organisation Structure type 2

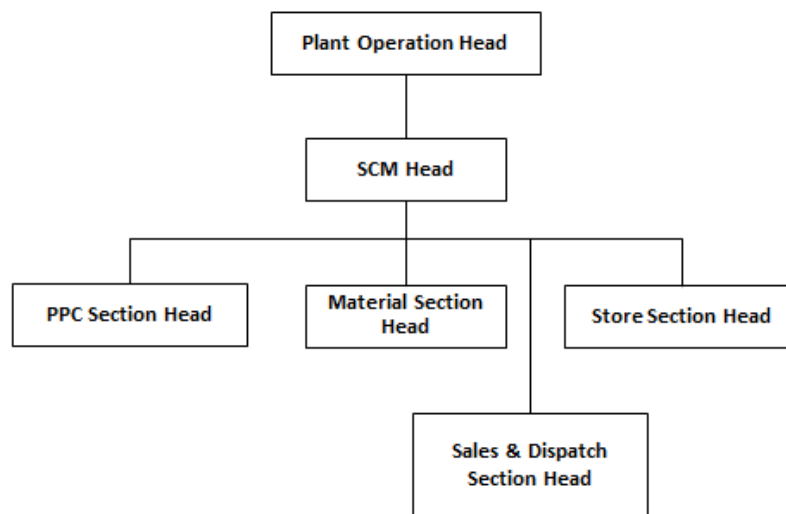


Fig. 2

### 3. Conclusion

Conclusion is that in case SCM is leaded by different department head ,they have their own department objectives and functions These objectives makes them fail to understand requirement of customer and organisation objectives as a whole. Suppose material department has shortage of part A , part B can be manufacture to avoid losses and on other hand if customer required only part A some alternate substitute or more thrust can be put to make availability of material. This can be happen if some higher authority introduced as in type 2 structure so that he can judge whole chain and can take decision. In type 1 structure since all are heads of their respective departments and reporting to operation head can fight for their departmental objective and have no internal integration This also detoriare harmony of internal culture of an industry

### References

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